

Message Text

CONFIDENTIAL

PAGE 01 ROME 14621 221921Z

64

ACTION XMB-04

INFO OCT-01 EUR-08 ISO-00 AID-05 CIAE-00 COME-00 EB-04

FRB-01 INR-05 NSAE-00 RSC-01 TRSE-00 OPIC-03 SP-02

CIEP-01 LAB-01 SIL-01 OMB-01 INT-05 FEA-01 ACDA-05

IO-04 L-02 NSC-05 OES-03 AEC-05 /068 W

----- 079686

R 221740Z OCT 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC 7615

INFO AMEMBASSY VIENNA

USMISSION EC BRUSSELS

C O N F I D E N T I A L ROME 14621

E.O. 11652: GDS

TAGS: EFIN, EIND, ENRG, IT

SUBJECT: STATE ELECTRICAL COMPANY APPROACH ON EXIM FINANCING FOR
ENERGY PROJECT

USEC BRUSSELS FOR RUBIN

VIENNA FOR DIETZ

PASS TREASURY AND EXIM BANK

1. SUMMARY. PRESIDENT OF ITALIAN STATE ELECTRICAL COMPANY ENEL
HAS APPROACHED US FOR ASSISTANCE IN FINANCING ITALY'S PLAN TO
CONVERT TO NUCLEAR ENERGY. WE EXPLAINED CURRENT EXIM
SITUATION AND SUGGESTED DIRECT ENEL-EXIM TALKS. WE SEE SERIES OF
POLITICAL AND ECONOMIC REASONS WHICH ARGUE FOR POSITIVE US RESPONSE.
ACTION REQUESTED: EXIM IS ASKED MAKE PROMPT CONTACT WITH ENEL.
END SUMMARY.

2. ANGELINI, PRESIDENT OF STATE ELECTRIC SYSTEM (ENEL), ACCOMPANIED
BY HIS CHIEF PLANNER AND HIS FINANCIAL EXPERT, CALLED ON DEPUTY
CHIEF OF MISSION AND ECON-COMMERCIAL MINISTER OCT 22 TO DISCUSS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ROME 14621 221921Z

ENEL NUCLEAR CONSTRUCTION PLANS.

3. ANGELINI BRIEFLY SUMMARIZED ENEL'S PROGRAM (MOST OF WHICH HAS BEEN BEEN REPORTED PREVIOUSLY IN NUCLEAR FIELD AS FOLLOWS: (A) EVEN PRIOR TO INCREASE IN FOSSIL FUEL PRICES, ENEL HAD PLANNED TO MOVE TOWARD FULL NUCLEAR ELECTRICAL GENERATING CAPACITY, (B) INCREASE IN OIL PRICES AND ITALIAN AWARENESS OF EXPOSURE HAVE ACCELERATED PROGRAM, WHICH NOW CALLS FOR CONSTRUCTION OF NUCLEAR REACTORS, INITIALLY AT RHYTHM TWO 1000 MEGAWATT PLANTS PER YEAR, MOVING IN TIME TO THREE ANNUALLY AND EVENTUALLY TO MORE, (C) ONE 850 MW REACTOR IS NOW UNDER WAY AND FOUR MORE 1000 MW ORDERED, ALL OF US DESIGN. BASED ON INQUIRIES WITH ITALIAN INDUSTRY AND EXPERIENCE WITH OTHER REACTOR CONSTRUCTION, ENEL ESTIMATES THAT ABOUT \$150 MILLION OF A \$500 MILLION 1000 MW REACTOR IS FOREIGN EXCHANGE COSTS SUSCEPTIBLE TO SUPPLIER FINANCING.

4. ANGELINI TOOK CARE TO SUMMARIZE MANGNITUDE FINANCIAL RESOURCES WHICH PROGRAM ENTAILS AND DEPENDENCE OF ENEL AND ITALY ON US FINANCING FOR SUPPLIER PORTION. DRAWING ON RECENT CONVERSATIONS WITH EXIM VICE PRESIDENTS DEITZ AND GIANTUREO, DCM EMIN INFORMED ANGELINI THAT EXIM IS IN A CHANGED AND, AT LEAST IN SHORT RUN, LESS FLEXIBLE SITUATION, WITH DEMANDS FOR LENDING EXCEEDING AVAILABILITIES AND A POLICY OF SEEKING TO REDUCE EXTENT OF EXIM PARTICIPATION. DCM ALSO STRESSED EMBASSY AWARENESS OF DIFFICULTY ITALIAN ENERGY SITUATION AND OUR DESIRE TO BE HELPFUL. HE SUGGESTED THAT DIRECT DISCUSSIONS WITH EXIM WOULD BE LOGICAL AND DESIRABLE NEXT STEP. ANGELINI AGREED. HE DID NOT RAISE EXIM FINANCING OF LOCAL COSTS BUT NOTED THAT THEY WILL HAVE A SEVERE PROBLEM FINDING MONEY.

5. ANGELINI MENTIONED THAT ITALY HAS RECEIVED FEELERS FROM FRG CONCERNING POSSIBLE ITALIAN PARTICIPATION IN SERIES OF LARGE REACTORS TO BE SITED IN CZECHOSLOVAKIA AND HUNGARY TO SUPPLY NORTHERN ITALIAN MARKET. HE DISMISSED IDEA OF ITALIAN PARTICIPATION IN PLANTS LOCATED OUTSIDE ITALY.

6. ACTION REQUESTED. EXIM REQUESTED TO INFORM EMBASSY PROMPTLY, OF HOW IT WILL CONTACT ENEL.

7.COMMENT: KEEPING IN MIND EXIM'S PRESENT SITUATION--WHICH WE HOPE WILL BE SHORT TERM--AND THE LONG-TERM HORIZON OF ENEL'S CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ROME 14621 221921Z

ENORMOUS PROJECT, WE BELIEVE USG HAS BOTH OPPORTUNITY AND REQUIREMENT TO BE RESPONSIVE. ITALY HAS SCANT POSSIBILITY OF RESTRAINING OR REDUCING ITS FRIGHTENING DENDENDENCE ON IMPORTED OIL EXCEPT BY GOING NUCLEAR. ASSISTANCE WITH ITALIAN PROGRAM WILL (1) GIVE CONTENT TO US CALL FOR INTERNATIONAL COOPERATION TO REDUCE OIL CONSUMPTION, (2) PROVIDE SPECIFICE ELEMENT FOR OUR GENERAL ASSURANCES THAT US IS PREPARED TO SEEK TO ASSIST ITALY IN ITS SHORT AND MEDIUM TERM ECONOMIC DIFFICULTIES, AND (3) HELP LOCK US INTO

THIS ENORMOUS PROGRAM AT ITS EARLY STAGES TO THE BENEFIT OF BOTH
PARTIES. WE BELIEVE STRONGLY THAT THIS IS IMPORTANT LONG TERM
POLITICAL AND ECONOMIC OPPORTUNITY FOR BOTH ITALY AND US.
VOLPE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NUCLEAR ENERGY, BANK LOANS, ELECTRIC POWER
Control Number: n/a
Copy: SINGLE
Draft Date: 22 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ROME14621
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740301-0502
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741027/aaaaawll.tel
Line Count: 119
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAR 2002 by elyme>; APPROVED <23 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: STATE ELECTRICAL COMPANY APPROACH ON EXIM FINANCING FOR ENERGY PROJECT
TAGS: EFIN, EIND, ENRG, IT, XMB
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005